

# **Audit**



# **Report**

OFFICE OF THE INSPECTOR GENERAL

**DEFENSE BASE REALIGNMENT AND CLOSURE  
BUDGET DATA FOR THE RELOCATION OF NAVAL  
AVIATION ENGINEERING SERVICES UNIT FROM  
MARINE CORPS AIR STATION EL TORO, CALIFORNIA,  
TO NAVAL AIR STATION MIRAMAR, CALIFORNIA**

Report No. 97-074

January 17, 1997

**Department of Defense**

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### **Acronyms**

BRAC  
MILCON  
NAESU

Base Realignment and Closure  
Military Construction  
Naval Aviation Engineering Services Unit



**INSPECTOR GENERAL**  
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Report No. 97-074

January 17, 1997

**MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)**  
**ASSISTANT SECRETARY OF THE NAVY (FINANCIAL**  
**MANAGEMENT AND COMPTROLLER)**

**SUBJECT:** Audit of Defense Base Realignment and Closure Budget Data for the Relocation of Naval Aviation Engineering Services Unit From Marine Corps Air Station El Toro, California, to Naval Air Station Miramar, California (Project No. 7CG-5002.04)

## **Introduction**

We are providing this report for your information and use. The audit was required by Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991. Enclosure 1 provides details on the history of the Defense base realignment and closure (BRAC) process and on our auditing and reporting requirements.

This report is one in a series about FY 1998 BRAC military construction (MILCON) costs. The report provides the results of the audit of project P-020U, "Naval Aviation Engineering Services Unit Administrative and Training Spaces," for the relocation of the unit from Marine Corps Air Station El Toro, California, to Naval Air Station Miramar, California.

## **Audit Results**

The Marine Corps properly planned, programmed, and documented the FY 1998 BRAC MILCON requirement of \$1.4 million for project P-020U in accordance with Navy criteria and public law.

## **Audit Objectives**

The overall audit objective was to determine the accuracy of BRAC MILCON budget data. The specific objectives were to determine whether the proposed project was a valid BRAC requirement, whether the decision for MILCON was supported with required documentation including an economic analysis, and whether the economic analysis considered existing facilities. Another objective

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was to assess the adequacy of the management control program as it applied to the overall audit objective. The management control program will be discussed in a summary report on FYs 1997 and 1998 BRAC MILCON budget data.

## **Scope and Methodology**

**Scope of This Audit.** We examined the FY 1998 BRAC MILCON budget request and related documentation regarding the relocation of the Naval Aviation Engineering Services Unit (NAESU) administrative and training spaces from Marine Corps Air Station El Toro to Naval Air Station Miramar. We reviewed the supporting documentation for project P-020U valued at \$1.4 million. We did not use computer-processed data or statistical sampling procedures to conduct this audit. See Enclosure 1 for the overall scope of the audit of BRAC MILCON costs.

**Audit Period, Standards, and Locations.** This economy and efficiency audit was conducted from September through October 1996, in accordance with the auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, DoD. We visited or contacted individuals and organizations within DoD. Further details are available upon request.

## **Prior Audits and Other Reviews**

Three summary reports have been issued for the audits of BRAC budget data for FYs 1992 through 1996. These summary reports list individual projects. Since April 1996, numerous additional audit reports have been issued that address DoD BRAC budget data for FYs 1997 and 1998. Details on these reports are available upon request.

## **Project Background**

**Project Justification.** Project P-020U is an FY 1998 BRAC MILCON project to compartmentalize 8,800 square feet of open high bay space into office space and classrooms to support NAESU and Marine Combat Crew Calibration Lab requirements. The project is estimated to cost \$1.4 million. The NAESU is responsible for providing field engineering assistance and instruction to Naval aviation activities in the installation, maintenance, repair, and operation of all types of aviation systems and equipment.

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## Discussion

**Requirements Determination.** The Marine Corps properly justified space requirements for the relocation of the NAESU administrative and training functions. We reviewed the DD Form 1391, "FY 1998 Military Construction Project Data," (undated) and supporting documentation, including the basic facility requirement. Project P-020U requires modification of existing space in an administrative and training facility to support the NAESU relocation to Naval Air Station Miramar. The justification for these facilities was based on allowances contained in the Naval Facilities Engineering Command Publication P-80, "Facility Planning Criteria for Navy and Marine Corps Shore Installations," October 1992 (revised in September 1993).

**DD Form 1391 Estimated Space Requirements.** In accordance with the basic facility requirement and criteria contained in the Naval Facilities Engineering Command Publication P-80, the administrative and training requirement for the NAESU totaled 9,925 square feet. The DD Form 1391 for project P-020U contained a requirement of 8,800 square feet for the administrative and training facility. Although the basic facility requirement exceeded the square footage contained in the DD Form 1391, the Marine Corps agreed that renovation of 8,800 square feet would meet their administrative and training requirements.

**Use of Existing Facilities.** The Marine Corps is planning to renovate the open bay space in building 671, which includes 8,800 square feet. Renovation of building 671 was the only viable option to accommodate both administrative and training space requirements of the NAESU. We reviewed facility planning documents and property records and confirmed that there were no other facilities available to accommodate the NAESU space requirements.

**Cost Justification.** We reviewed the supporting cost data for project P-020U that was prepared by the Marine Corps BRAC Office, located at Naval Air Station Miramar, California. We judgmentally selected 4 of the 17 cost estimates, valued at \$897,500. The four cost estimates comprise 70 percent of the total estimated cost of project P-020U. We obtained source documentation to verify the accuracy of the costs. The cost estimate for project P-020U was reasonable.

## Management Comments

We provided a draft of this report on December 6, 1996. Because the report contains no findings or recommendations, written comments were not required, and none were received. Therefore, we are publishing this memorandum report in final form.

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We appreciate the courtesies extended to the audit staff. For additional information on this report, please contact Mr. Wayne K. Million, Audit Program Director, at (703) 604-9312 (DSN 664-9312) or Mr. Nicholas E. Como, Audit Project Manager, at (703) 604-9215 (DSN 664-9215). Enclosure 2 lists the distribution of this report. The audit team members are listed inside the back cover.



David K. Steensma  
Deputy Assistant Inspector General  
for Auditing

Enclosures

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## Background of Defense Base Realignment and Closure

**Commission on Defense Base Closure and Realignment.** On May 3, 1988, the Secretary of Defense chartered the Commission on Defense Base Closure and Realignment (the Commission) to recommend military installations for realignment and closure. Congress passed Public Law 100-526, "Defense Authorization Amendments and Base Closure and Realignment Act," October 24, 1988, which enacted the Commission's recommendations. The law also established the Defense Base Closure Account to fund any necessary facility renovation or MILCON projects associated with BRAC. Public Law 101-510, "Defense Base Closure and Realignment Act of 1990," November 5, 1990, reestablished the Commission. The law also chartered the Commission to meet during calendar years 1991, 1993, and 1995 to verify that the process for realigning and closing military installations was timely and independent. In addition, the law stipulates that realignment and closure actions must be completed within 6 years after the President transmits the recommendations to Congress.

**Required Defense Reviews of BRAC Estimates.** Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991, states that the Secretary of Defense shall ensure that the authorization amount that DoD requested for each MILCON project associated with BRAC actions does not exceed the original estimated cost provided to the Commission. Public Law 102-190 also states that the Inspector General, DoD, must evaluate significant increases in BRAC MILCON project costs over the estimated costs provided to the Commission and send a report to the congressional Defense committees.

**Military Department BRAC Cost-Estimating Process.** To develop cost estimates for the Commission, the Military Departments used the Cost of Base Realignment Actions computer model. The Cost of Base Realignment Actions computer model uses standard cost factors to convert the suggested BRAC options into dollar values to provide a way to compare the different options. After the President and Congress approve the BRAC actions, DoD realigning activity officials prepare a DD Form 1391, "FY 1998 Military Construction Project Data," for each individual MILCON project required to accomplish the realigning actions. The Cost of Base Realignment Actions computer model provides cost estimates as a realignment and closure package for a particular realigning or closing base. The DD Form 1391 provides specific cost estimates for an individual BRAC MILCON project.

**Limitations and Expansion to Overall Audit Scope.** Because the Cost of Base Realignment Actions computer model develops cost estimates as a BRAC package and not for individual BRAC MILCON projects, we were unable to determine the amount of cost increases for each individual BRAC MILCON project. Additionally, because of prior audit efforts that determined potential problems with all BRAC MILCON projects, our audit objectives included all large BRAC MILCON projects.

## Background of Defense Base Realignment and Closure

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**Overall Audit Selection Process.** We reviewed the FY 1998 BRAC MILCON \$354.3 million budget submitted by the Military Departments and the Defense Logistics Agency. We excluded projects that were previously reviewed by DoD audit organizations, unless the projects were subsequently modified by the Military Departments. We grouped the remaining BRAC MILCON projects by location and selected all projects in the budget. We also reviewed those FY 1997 BRAC MILCON projects that were not included in the previous FY 1997 budget submission, but were added as part of the FY 1998 BRAC MILCON budget package.



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## **Audit Team Members**

This report was prepared by the Contract Management Directorate, Office of the Assistant Inspector General for Auditing, DoD.

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